

From: Lawrence, Rob
Sent: Wednesday, December 10, 2014 10:30 AM
To: Dellinger, Philip; Overbay, Michael
Subject: FW: TEXAS: Regulator considers more urban well inspections

Rob Lawrence
Region 6
Policy Advisor - Energy Issues
214.665.6580

From: Casso, Ruben
Sent: Wednesday, December 10, 2014 8:02 AM
To: Lawrence, Rob
Subject: TEXAS: Regulator considers more urban well inspections

TEXAS: Regulator considers more urban well inspections

Mike Soraghan, E&E reporter

Published: Wednesday, December 10, 2014

Texas' top oil and gas official yesterday announced that her agency will explore the idea of stepping up inspections in urban and suburban areas.

The announcement follows a vote last month to ban hydraulic fracturing in the Dallas suburb of Denton. Voters there rejected the entreaties of state officials, who had urged them not to set a precedent in the top energy-producing state.

"We have heard the concerns expressed by those living in urban areas where drilling is occurring," said Christi Craddick, chairwoman of the Texas Railroad Commission, which regulates not trains but oil and drilling.

Craddick, who leads an agency known for its cooperative approach with industry, said drilling has moved into more populated areas, and the agency should "re-evaluate" processes.

But her announcement was not a commitment to increase urban inspections. Instead, she directed the commission's top staffer to "explore the potential need" for an emphasis on inspections in more densely populated areas.

Executive Director Milton Rister is to report back to the commission at one of its two meetings in January.

One supporter of the Denton ban dubbed Craddick's move "fanny-covering."

"If she truly realizes that current oversight isn't working, how about respecting local control and honoring Denton's fracking ban?" said Sharon Wilson, a Texas-based organizer for the group Earthworks, who helped with the campaign. "Otherwise, she's just, as usual, putting oil and gas industry profits ahead of Texans' health and property."

Not all environmental groups were as critical of Craddick. Scott Anderson of the Environmental Defense Fund said her response to changing conditions was "right on target."

Industry leaders say they had no problem with increased urban inspections.

"Most companies I know would welcome more inspections, because they're already in compliance," said Ed Ireland, executive director of the Barnett Shale Energy Education Council.

Voters in Denton, a college town of about 125,000 north of Dallas, approved a ban on hydraulic fracturing Nov. 4. The Texas Oil and Gas Association and Texas Land Commissioner Jerry Patterson sued the city the next morning ([E&ENews PM](#), Nov. 5).

The ban's supporters say they were forced to take action because natural gas companies ignored local regulations requiring set distances between wells and surrounding homes.

The trend has spread to other areas of the state. Residents in Alpine, a remote community in the Big Bend region that doesn't have oil production, have talked about a ban on hydraulic fracturing.

In Lubbock, which sits on the edges of the Permian Basin and the Granite Wash fields, a resident task force has recommended tightening up local drilling regulations. In Mansfield, south of Fort Worth, residents are seeking wider setbacks ([EnergyWire](#), Dec. 8).

Craddick spokeswoman Lauren Hamner said it's not just the drilling boom that is driving conflicts and complaints. It's also a surge in population.

"It's not just Denton," said Hamner. "Denton, of course, is part of it."

The Railroad Commission has said that it has been stretched too thin as the state's oil production doubled from 2009 to 2013. In August, the agency made an "exceptional" request for a 72 percent budget increase. Among other things, the money would add 29 oil and gas well inspectors and 79 pipeline safety inspectors to its 800-member staff.

Industry groups support more state funding for the agency. But the agency's critics say its problems go deeper than lack of money. The agency has long been criticized as lax on enforcement by environmentalists, but also by independent reviewers.

In 2007, the state auditor reported that 46 percent of the oil and gas wells statewide had not been inspected in the previous five years. The auditor's report also said Railroad Commission inspectors had chummy relations with the companies they oversaw, often accepting caps, meals and gift baskets.

The agency is governed by three commissioners, who are elected statewide and often receive most of their campaign donations from oil and gas companies.

In 2010, a legislative panel called the Sunset Advisory Commission called for a "fundamental restructuring" of the agency. The commission's report said the agency took enforcement action on less than 1 percent of water-protection violations.

Officials at the Railroad Commission, in turn, have defended what they call their "compliance-based" approach, which makes a priority of getting offenders to fix violations, rather than penalizing them.